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INCOME TAXATION IN FRANCE.

It is seldom that we find a tax system which is as clearly an historic survival as the French. Attempts to reorganize taxation, to place it upon a new basis, to substitute for obsolete and degenerate imposts those which are productive and fruitful, have been unsuccessful. This in itself is not to be wondered at. Rapid and radical political changes are unfavorable to fiscal and economic progress. It is only strange that France has remained conservative in matters of taxation. To these statements the French methods of taxing income form no exception. The history of income taxation in France is almost unique. Many do not realize that the income tax actually exists. Comparatively few writers seem to be familiar with its historical development. Still fewer are acquainted with the history of the attempts to introduce it in the form of the so-called "*impôt général sur le revenu*." It is especially the efforts to secure the adoption of this latter impost which are for the present purpose of interest. Though they were in no sense a spasmodic attempt at novelty or a break with the former tendencies of French taxation, yet they have never been successful.¹

I.

France was one of the earliest of the European countries to introduce the income tax. For a long time anterior to the Revolution of 1789, the impost called the *dixième*, which by a later evolution became the *vingtième*, had clearly recognized the income tax as a legitimate fiscal resource. The royal decree of October 10, 1710, exacted a contribution of 10 per cent. of all revenues derived from rural possessions, houses, offices, stock of individual companies, capitalists, municipalities or the nation,

¹ For a brief summary of the history see LÉON SAY'S *Dictionnaire des Finances*, pp. 1086-8. This is an excellent succinct statement of facts.

appointments and pensions, profits of business men and traders and the incomes of all those whose professions yielded them a revenue.¹ The defeat of Malplaquet was yet fresh, war expenses were still enormous, and the extravagance of Louis XIV. was excessive. The result was a deficit, and in order to bridge it the income tax was introduced. The privileged orders were not exempted, and this at once led to deep and widespread discontent. In order to render possible the collection of the tax, the king was forced solemnly to promise that upon the close of the war the income tax should cease its operations. By the edict of August 1727 the tax was abrogated, but it was re-established sixteen years later by the decree of November 17, 1733, under conditions precisely identical with those of 1710. War had again forced the income tax upon the nation, and with the suspension of hostilities in 1736 it was again suffered to lapse. The war of the Austrian succession for the third time threw the treasury back upon the hated fiscal resource in October 1741, when the income tax was re-introduced accompanied by a royal promise to the effect that upon the close of the war this means of raising revenue should once for all be done away with. The treaty of Aix-la-Chapelle (signed October 17, 1748) did not reduce the anxieties of Machault, the *contrôleur général*. The expenses for the year 1748 were estimated at 338 millions francs. Military expenses had been reduced by 100 millions upon the cessation of hostilities, but by the abolition of the *dixième* a deficit of from 25 to 30 millions would nevertheless have to be provided for. It was necessary to retain this productive source of income so odious to the powerful orders, but the king's promise stood in the way. In order to render the retention of the impost less offensive, Machault, by the decree of May 1749, reduced the tax by one-half, bestowing upon it the name of the *vingtième*, and introducing some exemptions. He nevertheless retained the tax of 10 per cent. upon pensions and public offices.

Thus, with the decree of 1749 the tax entered upon the second stage of its evolution. It had hitherto been a war meas-

¹ CLAMAGERAN, *Histoire de l'Impôt en France*, vol. iii. p. 95.

ure, but it now became a part of the peace policy. Machault said:¹ "We have preferred this tax to all other means of which we have been able to avail ourselves, because of the consideration that there is nothing more just or more equitable, since it falls upon all of our subjects in proportion to their goods and their faculties, and because, the levy being made without agreements for extraordinary remissions, the product comes in entire to the profit of the state."

The arguments for the *dixième* were repeated in support of the *vingtième*, but the privileged classes remained obdurate. Intense opposition was manifested by the clergy.² The seeds of corruption had been sown by the principle of exemption which had been allowed to creep in, and the tax though levied in one form or another up to the Revolution underwent great modification and deterioration.

The Revolution was not opposed to the principle of income taxation but only to the method in vogue. The taxation of income has always been regarded as favorable to the poor. The Revolution did not abolish the tax but only changed its form. The assembly divided it into three distinct taxes, corresponding roughly to the schedules found in the English income-tax system; the *impôt foncier* or land tax, established by the law of December 16, 1790, the *impôt sur les maisons* or house tax, introduced by the law of January 13, 1791, and the *impôt sur les patentes* or tax upon licenses, introduced by the law of March 17, 1791. These, with the addition of the *impôt personnel et mobilier* or personal property tax, have continued down to the present time.

Thus, during the nineteenth century as well as before the Revolution, France has always had a developed system of income taxation. Though the Revolution changed many things it nevertheless remained very conservative in matters of taxation.³ Reforms which at first looked like considerable advances

¹ AMAGAT, *Les Emprunts et les Impôts de la Rançon de 1871*, pp. 211 et seq.

² *Ibid.*, p. 212.

³ Compare WAGNER, *Finanzwissenschaft*, vol. iii. p. 370.

were in reality mere changes in the names of things effected to soothe a morbid feeling of democratic jealousy.¹ "The new direct-tax system," says Wagner, "was built on the framework of the old Taille, Twentieth, Polltax, Tenth, etc."²

But the mere fact that imposts were operating under a republic or an empire instead of a monarchy did not make them more productive. No real tax policy could be introduced while the existing system was one merely of tolerance. The deficits which from time to time occurred were met by a rise in the indirect taxes, but after a time the direct taxes were extended in various ways, and the principal evils of a system of direct taxation upon commodities (direct subject taxation) were thus manifested.

During the various political changes which succeeded each other in France, however, the theoretic basis of the tax system underwent little nominal change, although the alteration of proportions shifted the incidence from one part of the system to the other at different periods.

II.

The untried experiments in taxation which were attempted by the February Revolutionists, while again chiefly taking the shape of a rise in the various direct taxes, included also a radical form of the income tax. The reasons for this new proposal were twofold: (1) the doctrinaire Republican dislike of indirect taxation and (2) the fiscal and economic crisis induced by the political cataclysm through which France was passing. In the severe straits to which the treasury was subjected, longing looks were directed toward the English budget, which had been placed on a sound basis through the agency of the income tax, and the supposed harmony between this mode of taxation and democratic ideas made it a peculiarly attractive project. Notwithstanding

¹ It is true that in 1793 a progressive income tax of one-third of all incomes was established, but this was a mere burst of revolutionary fervor. The tax was never practically applied. See JOLLIVET, *De l'Impôt Progressif et du Morcellement des Patrimoines*.

² *Finanzwissenschaft*, vol. iii. pp. 381 et seq.

the fact that the people were confidently expecting from the provisional government lighter tax burdens, all the various propositions for raising revenue without resort to taxation proved inadequate, and March 16 the finance minister found himself compelled to announce that "the provisional government must seek in taxation the resources of which it has need."¹ He went on to show that the income tax would afford the most available as well as the most just means of raising additional revenue. On May 8 he recurred to the same idea, and Proudhon went so far as to propose in the Chambers radical socialist measures by which a tax equal to one-third of all incomes might be collected, justifying his proposals by references to the old Revolutionary income-tax bill. His plan was indignantly rejected by 691 votes against two as an attack upon the principles of private property,² and the assembly refused to be made "an accomplice in the theories which the orator has developed." But the difficulties which surrounded the policy of aggravating existing taxes led to constant desires to introduce the income tax in some form. A project for an *impôt général sur le revenu*, as distinguished from the *impôt sur les revenus* whose development has been noticed earlier in this study, was brought forward in 1848. The uprising of socialist France had been crushed and the national workshops abolished, yet the administration in bringing forward its budget for the year included in the proposals a law providing for an *impôt général* of sixty million francs, partly no doubt as a concession to the defeated though not annihilated party, but largely also as a fulfillment of the doctrinaire desire for direct taxation.

On August 4, M. Goudchaux, the Minister of Finance, promised to submit a preliminary draft of an income-tax act,³ and in due time the bill was brought in. It was entitled "Proposal for a preliminary bill relative to the establishment of a tax on income."⁴

¹ J. CHAILLEY, *L'Impôt sur le Revenu*, p. 483.

² *Ibid.*, p. 487.

³ YVES GUYOT, *L'Impôt sur le Revenu*, p. 29.

⁴ *Le Moniteur*, 1848, Second Semester, pp. 2126-8, and MÉNIER *Théorie et l'Application de l'Impôt sur le Capital*, p. 412.

The Exposé des Motifs¹ indicated the reasons for the genesis of the bill as being "to create a new resource for the Treasury and to permit us to establish that equilibrium in the budget of 1849 which preceding governments had promised to bring about and which the Republic is called to realize. Inequality of taxation at present calls for redress. When the law reserves exclusive political rights to possessors of the soil, nevertheless the privilege is bought by an excessive charge on land. It is desired to turn toward agriculture the capital and labor employed in urban industrial enterprise."

Thus the tax was to be essentially a differential tax upon capitalistic enterprise. The total amount to be collected was to be sixty millions instead of a fixed rate per cent. of the incomes assessed.

The revenues upon which the imposts would fall were estimated as follows :

Profits of farmers in agricultural exploitation, -	1,066,000 francs.
Profits of commerce and industry, - -	1,100,000 "
Offices and liberal professions, - - -	303,000,000 "
Pensions, etc., - - - -	260,000,000 "
Salaries of foremen, overseers, etc., - -	180,000,000 "
Stock dividends, etc., - - - -	510,000,000 "
	<hr/>
	3,716,000,000 "
Less 716,000,000 francs for small revenues, -	3,000,000,000 "

Thus a tax of sixty millions would be equivalent to a tax of 2 per cent. The tax was to be apportioned among the *arrondissements* by the Conseil Général according to the returns from the door and window tax and the *impôt personnel*. The departmental quotas were then to be redistributed among the communes by the Conseils d' Arrondissement. This would of course throw the heaviest weight upon the towns.

The director of the direct taxes was to make known the contributive wealth of each commune, and in each place the decision upon what basis to apportion the tax among the inhabitants was

¹ See *Journal des Économistes*, 1848, vol. ii. p. 158, for the text.

to be left to the mayor and a council of six members of the Conseil Municipal, while to the principal of the tax was to be added a sum of five centimes per franc in order to create a fund to cover the drawbacks allowed. In every case the *conseils* were to receive, (1) a table representing the principal of the *contributions personnel mobilière* and of the door and window taxes for 1848, (2) a preliminary draft of the apportionment (*projet de répartition*).

The Conseil Général was to fix a maximum and minimum within which the tax was to be assessed. These were to be within the following limits :

For communes below 5000 souls,	-	-	600-1200 francs.
For communes of 5000-25,000 souls,	-	-	1000-2000 “
For communes above 25,000 souls,	-	-	1500-3000 “

The taxable revenues were to be those already mentioned in the list of possible taxable revenues.¹

A jury composed of specified administrative officers was to estimate the revenue upon which each contributor was to be taxed. It was thought that a board of this character would be likely to be animated by a more impartial spirit than a purely elective body. Thus the principle of self-assessment was entirely eliminated. The result would probably have been a great deal of injustice in the assessment and collection of the tax, nor can it be supposed that this was designed to be otherwise, for manifestly the impost was to possess a distinct anti-capitalistic character, and the inequalities which would be likely to occur in the administration of it were clearly such as would be at the expense of capitalists.

It was on this account that the conservative party in the assembly was little inclined to regard the scheme with favor, and the government accordingly withdrew the bill while retaining the idea of an income tax in some form. The Goudchaux ministry was retired in the course of the year and was succeeded by a cabinet with M. Hippolyte Passy at the head.² He re-introduced the income-tax bill in a radically modified form.

¹ See p. 42 above.

² See LEROY-BEAULIEU, *Science des Finances*, vol. i. p. 488 *et seq.*

The tax, according to his project, was now to be 1 per cent. on all incomes, and was to be augmented by one-tenth of its aggregate amount for each domestic kept by the taxed contributor (the total increase not to average more than twenty francs for each domestic kept by a single contributor).

Only the indigent were to be exempted. Inexact estimates were to be rectified by a board composed of the mayor and some associates, and redress was to be obtained through the same mechanism as for the other direct taxes.

Estimating the taxable revenues of France at seven milliards the return would still be sixty millions. Thus the tax was placed on a larger basis while still remaining a differential tax on the rich. The mode of assessment was still fundamentally vicious and the taxation of the very small incomes was at least inexpedient. The project of M. Passy lingered for some months without being put into legislative form, and the opposition aroused led M. Fould, by whom Passy was at this time displaced, to retire it. M. Passy had not, however, altered his ideas on the subject. March 20, 1850, he declared in a speech before the chambers that he had in nowise departed from the views he had expressed while still in the ministry, and he ominously hinted, "You will, sooner or later, be compelled to do in France what has been done in England."¹ Definite proposals for an income tax of 3 per cent. were soon after (during April) brought forward by M. Febvrel, but they met with no better success than their predecessors, nor did the resolution of M. Lamarque in favor of an income tax, whose principle he endeavored to strengthen by an appeal to the constitution, meet with more approval. Maladroit attempts and socialist exaggerations had given the income-tax plan a thoroughly bad reputation, and for some time the attempts at innovation in this direction were allowed to rest. Once introduced into the assembly the tax had, however, now become a political issue, and was definitely adopted by the liberals as part of their stock fiscal *répertoire*. To bring in a new universal income tax became

¹ CHAILLEY, *L'Impôt sur le Revenu*, p. 499.

the object of a political party, and was always a continually agitated subject.¹ It was repeatedly renewed by the members of the Chamber of Deputies, notably in 1855, 1862, 1863, 1870, 1871, 1872.²

The proposal of 1855 was a mere ripple upon the surface. That of 1862 was somewhat more important, and came up in the form of an amendment to the budget, being intended to obviate the necessity of laying an additional tenth on registration. The rate was again to be 3 per cent. and the estimated product forty millions. A committee reported unfavorably, making light of the ideas of "justice" which had, in part, prompted the introduction of the amendment and the opposition of the Corps Législatif finally rendered the plan nugatory.³ Not till 1871 did the income-tax idea regain much energy although the socialist dreams of M. Laroche-Joubert led him on March 10, 1870, to introduce a bill for an *impôt unique* upon income. This was the anti-capitalist income tax in its baldest and most hated form and it consequently received no support.⁴ A very different proposal was made by M. Haentjaens, March 25 of the same year. The fearful burdens of the German war, which were just beginning to manifest their weight, led the most conservative to look anxiously about for some new resource, and even the Emperor himself, in a discourse at the opening of the Corps Législatif in 1870, had referred with approval to the income tax. These facts afforded abundant ground for the new proposals. Prejudice and conservatism, however, were able to force its postponement to another year.

With the political changes which convulsed France in 1871, the income tax entered upon a new phase of its history. The Republican government suffered from no less pressing fiscal anxieties than the imperial, and the income tax was again brought forward as an available resource. Five hundred

¹ Cf. WAGNER, *Finanzwissenschaft*, vol. iii. p. 373.

² See COHN, *Finanzwissenschaft*, German ed., p. 435.

³ See also CHAILLEY, *op. cit.*, p. 501-502.

⁴ *Ibid.*, p. 504.

millions a year must be found and no money was in sight.¹ It was not, however, by government initiative that the tax made its reappearance. Political opportunism would not allow the administration to propose a measure, the history of which had, on the whole, hitherto borne an unsavory character. The new order of things was too recent to admit of radical departure from established rule. Therefore, an exaggeration of the customs was advocated.² But the republicanism of the chambers would not suffer the opportunity for introducing an income-tax bill to pass. Two proposals evinced the presence of the radical element although both plans proved to be "the result of conceptions isolated and without echo in the Chamber."³ Conservatism still had the controlling influence and M. Thiers referred to the tax as "this deplorable tax, this tax productive of discord which was merely the *taille* of the *ancien régime*, and the *taille* of the time of the Revolution." Not deterred by this utterance, MM. Passy and Houssard brought in a more moderate bill, June 21, but it met with no better fate than its predecessors. The contest between the advocates and opponents of income taxation did not slacken and many propositions were made both in 1871 and the succeeding years,⁴ but opposition was too

¹ Cf. GUYOT, *L'Impôt sur le Revenu*, p. 22.

² See CHAILLEY, *op. cit.*, p. 508.

³ Those of Flotard, March 6, and of Hévre and Bamberger, March 16, 1872.

⁴ A list of those really brought before the chambers is appended. Many others were proposed but not acted upon. List furnished M. Y. Guyot by M. Le Secrétaire Général de la Présidence :

NATIONAL ASSEMBLY.

Proposal of M. Rouveure, for the purpose of replacing the scheme for taxing raw material by a tax on income, July 3, 1871.

New proposal of M. Rouveure to tax the incomes of French citizens or of foreigners residing in France which amount to 1500 francs or over, August 1, 1871.

Proposal of M. Langlois relative to the establishment of an income tax during a period of three years. Submitted September 15, 1871. Reported in the name of the Budget committee by M. de Lavergne, December 15, 1871. Discussed and rejected, December 27, 1871.

Provisions relative to an income tax, brought forward by the Budget committee. See report of M. Casimir Périer, submitted August 31, 1871. Discussions on the pro-

strong, and although some of these were well considered, their chance of success was small. In the discussion of this multitude of bills the debates finally became a continuous contest over the principle of income-taxation for France, and the idea of the income-tax was strongly advocated by Léonce de Lavergne, Wolowski¹ and others. In fact this was far the greatest struggle the measure had ever experienced. Most previous motions had been made merely with the avowed purpose of vindicating the *principle* of posals of the committee and the amendments relating thereto, December 21 and 27, 1871.

Proposals of MM. Hévre and Bamberger to create a progressive income tax on the revenue of all French citizens during four years. Submitted February 12, 1872.

Proposal of M. Aubry to establish a tax of 1 per cent. on the income of all contributors. Submitted January 22, 1872. Retired the same day by its author.

Proposal of M. Rouveure designed to augment the salt-tax and patent-tax, and to establish a single-tax of 1 per cent. on incomes. Submitted June 21, 1873.

New proposal of M. Aubry in relation to the establishment of a tax of 1 per cent. on the incomes of all contributors. Submitted February 20, 1874.

Proposal of M. Flotard to establish a provisional tax on incomes of all kinds and upon profits realized by commerce and industry. Submitted March 6, 1871.

Report in the name of the Budget committee of 1872, by M. Deseilligny on the amendment of M. Féray concerning a tax to be established on the amount of business transactions.

Amendment of M. Rouvier to the budget of 1874 to establish a tax on incomes, rejected, February 3, 1874. Also a new amendment of M. Rouvier to the budget of 1875, rejected August 4, 1874.

CHAMBER OF DEPUTIES.

Proposal of M. Ballue for the reformation of the assessment of the tax. Submitted January 13, 1883. Report of M. Ballue, February 23, 1884.

Proposal of M. Leydet having for object to establish a proportional and progressive tax on income.

Proposal of M. Marion relative to the creation of an income tax. Submitted December 15, 1883.

Proposal of M. Sourigues concerning the establishment of a direct tax on the fortune of everyone, and upon the annual product of his work. Submitted February 3, 1884.

Proposal of M. Paul Bert to replace the tax on the exchange of real estate by a tax on income. Submitted February 21, 1885.

(This list includes only those actually brought before one or other of the chambers).—Compiled from the report of YVES GUYOT on *Impôt sur le Revenu*, p. 283 *et seq.*

¹ See especially in this connection the *Discours de M. Wolowski* (*Séances de 22 et 27 Dec. 1871*) as reprinted under the title *L'Impôt sur le Revenu*. Paris, 1872.

the income tax. In 1871-2, however, it had in some measure, owing to fiscal necessities, lost its quasi-socialist character and was supported by many able men who believed that it was the most efficacious and available expedient for bridging the fiscal abyss of the war deficit. It is thus seen that it was primarily as a war measure that the tax was supported in 1871-2. According to most of the saner proposals of this period, the income tax was to be in character a schedule tax presenting a great analogy to the English income tax, being in fact closely copied from it, and exempting all revenues below 1500 francs. M. de Parieu also ably defended the tax in the *Journal des Économistes*,¹ and his opinion was sustained even by many of the more conservative members of the national assembly.

Once it had really secured a hold upon the abler and saner minds among French financiers the agitation for the tax was not allowed to lapse. Two proposals were made by Wolowski, one by Casimir Perier in 1872, and two by Rouvier—one as an amendment to the budget of 1873 and one as an amendment to that of 1874. As we have seen, none were successful. The tax established by the law of June 29, 1872, was but an isolated fragment of the tax proposed. The republican chambers of the four legislative assemblies subsequent to that of 1876 considered almost twenty schemes for the income tax, all of the same general character as the ones already considered, though none so elaborate as that of the budget committee of 1872. As has been noted, traditional empiricism had obtained the upper hand, and once the indirect taxes had been aggravated to make up the deficit, temporary relief was partially secured, so that notwithstanding the unusually energetic attempts of M. Gambetta, when a member of the budget committee in 1877, to bring in a schedule income tax, his efforts were of no avail. It was not until 1886 that the income tax really reappeared, this time by government initiative. During 1886 and the following year, the proposition was discussed with fluctuating fortunes, and the work

¹ *Journal des Économistes*, "Necessity and Legitimacy of the Income Tax," 1871, vol. ii. part 2, pp. 287 *et seq.*

of M. Yves Guyot¹ in his report presented to the Chambers attracted much attention. But it was only in 1888 that the scheme took the form of a *projet de loi* under the Peytral ministry.

It is peculiarly interesting to note the evolution of the tax up to 1888. It seems to have been the fate of the income-tax wherever proposed to pass through approximately the same process of development. In France the impost has had much the same history as elsewhere, although its experience has been of a more diversified character. We have noted the originally make-shift character of the pre-revolutionary income tax as well as its subsequent definite adoption as a regular fiscal resource and its reincarnation after the revolution of 1789, in a somewhat developed form. The socialist proposals of 1848 were truly a singular avatar for the early income-tax idea then embodied in its changed form in the existing fiscal system. The war measure of 1872 was clearly the usual transitional step in advance, and in 1888 the ordinary final transformation was to be effected, though it is not the least singular feature of this abortive fiscal attempt that it passed through all the regular stages of advancement without ever being incorporated into the statutes.

The measure of 1888 was professedly to be a "measure of equalization." This must not be understood as a return to the socialism of 1848. The impost was to balance the inequalities of a certain class of taxes already levied, in order more nearly to equalize the total amount collected.

According to the *exposé des motifs*² the income-tax was also to be a mode of recouping the treasury (*dégrèvement*) for other taxes whose reform was "imperiously demanded by public opinion." Hence the bill was made the financial counterpart of one contemporaneously submitted for the reform of the *droits des boissons* (taxes on liquors).

At the same time the object of equalization was kept plainly in view. The *exposé* pointed out that "Indirect taxation has had

¹ YVES GUYOT, *L'Impôt sur le Revenu*, loc. cit.

² See *Journal des Économistes*, 1888, vol. ii. part 2, pp. 239 et seq. for text.

the fatal result of aggravating social distinctions and making the heaviest charge upon those least able to bear it."

While recurring to the beneficial results experienced from the use of the income-tax in foreign countries, the minister recognized that in France, if introduced at all, it must be under a different form, and entirely disclaimed all desire to take even a first step toward supplanting existing taxes by the hated *impôt unique*. An analysis of the *projet de loi* will give us the following as some of the principal provisions:

1. Gross revenue was to be the basis of the tax.
2. A minimum of 2000 francs was to be exempted with a reduction of one-third of the tax on all revenues between 2000 and 3000 francs.
3. A remission of 25 per cent. was to be made upon incomes not exceeding 8000 francs when devoted to the sustenance of families of not less than five persons each.
4. The tax was to be an *impôt général sur le revenu* and not an *impôt sur les revenus*.
5. The income of the contributors was to be valued only when it would be expedient in their interests.
6. The debtor was himself to make deduction from his tax of the amount of the impost upon his payment of interest.

An annual declaration was required in but very few cases and when needed could be made under seal. The control was vested in two commissions sworn to keep secret all information acquired in the discharge of their duties. Thus the income tax of 1888 was free from many of the errors of which previous proposals had been guilty. Nevertheless it still possessed many vicious points necessitated, perhaps, by the peculiar construction of the French fiscal system.

These were not, however, the main grounds upon which it was subsequently defeated. Its defeat was due largely to the belief that it established an unwholesome precedent and placed in the hands of the democracy what might prove to be a dangerous weapon.

III.

We have now briefly surveyed the history of the French income tax. It has sometimes been commented upon as singular that a people as desirous of change as the French has not introduced into its fiscal system the method of income-taxation as a convenient and easy means of raising revenue.

Our study has shown us that France labors under peculiar circumstances which would render the adoption of income taxation as a policy at least difficult. This is owing to the fact that in France the system of direct contributions has undergone unusual extension. Moreover France already possesses the principle of income taxation.

When it is proposed to add to the *impôt foncier* which taxes the income from land, to the *impôt des patentes*, which falls upon business, and to the *impôt personnel et mobilier* levied upon personal property, an *impôt général* upon all classes of revenues indiscriminately, French legislators take fright. To the afore-said direct taxes upon each kind of income must be added the six other special contributions, the taxes on rent, doors and windows, horses and coaches, billiards and successions.¹

The addition of another direct tax to this already long list seems to superficial observers in the highest degree inexpedient, while to introduce the schedule system of income taxation would, it is said, be the crudest form of double imposition. Certainly, the case is different from that of England, where the direct taxes, outside the income tax, are comparatively insignificant in amount; from Italy where the impost falls chiefly upon untaxed incomes; from Austria where double taxation is counterbalanced by drawbacks; or from Prussia where scientific principles have been rigidly applied.² Nevertheless direct taxation in France follows the advance of public wealth with a halting and very unequal step, and the need of a general tax which will afford the means of unification and reformation is crying. The old tax system which is a remnant of earlier times must undergo radical

¹ See MATHIEU BODET, *Les Finances Françaises*, vol. ii. pp. 99 *et seq.*

² *Ibid.*, vol. ii. pp. 93 *et seq.*

change if France is to bear with moderate ease her present heavy fiscal burdens.

The fact that the income tax already really exists, in a certain way, in France, although so lamentably inadequate, is undoubtedly one great reason for the rejection of all proposals for an *impôt général sur le revenu* by legislators who do not thoroughly understand its ulterior effects.

But outside this consideration there are unquestionably other reasons of a supposedly weighty nature. The French jealousy of all attempts to interfere with private liberty and secrecy, and the dread of the slightest approach to anything of an inquisitorial nature¹ has unquestionably had immense weight in the consideration of the income tax.

On the other hand the fears of concession to the radical democracy and the socialist school have intensified the dread of the introduction of the tax into the French fiscal system.² Instead of being, as Senator Hill fears, a monarchical weapon,³ it is thought that it would afford a precedent from which might flow radical democratic measures. Closely connected with this influence is the dread of the hated *impôt unique sur le revenu*⁴ now so universally discredited.

France has at various times been agitated by proposals for an *impôt unique*, often with the unpleasant addition of the idea of "progressivity"—so odious to the bourgeois class—and has no wish to renew her experiences in this regard. This also may be attributed to a wish to check the progress of the socialist spirit.

Lastly, the idea of superseding the present direct taxes on incomes by one consolidated *impôt général* is said by the opponents of this measure to be absurd. It is thought that there is little probability that such an impost would even remotely approach in productivity the present specialized taxes upon

¹ Cf. WAGNER, *Finanzwissenschaft*, vol. iii. p. 385.

² LÉON SAY, *Solutions Démocratiques*, vol. i. pp. 129-130.

³ *Congressional Record*, Fifty-third Congress, Second Session, p. 4352.

⁴ "The theory of the income tax is then rationally equivalent to the theory of the *impôt unique*,"—LÉON FAUCHER, *Mélanges d'Économie Politique*, vol. i. p. 11.

incomes.¹ The subdivision of land, property and income in France is pointed out as the insuperable obstacle. This is not the place to discuss the soundness of these contentions, but we may remark that the experience of other countries does not seem to justify them. After all, the need of a tax which will keep pace with the growth of public wealth, and permit the retirement of worn-out and galling impositions, is the greatest argument for the income tax.*

We have, earlier in this sketch, indicated some of the considerations which induce the belief that the *impôt général sur le revenu* would, if rightly introduced, meet these requirements. To make it thoroughly effective, however, France must lay aside her outworn doctrinaire scruples—remnants of former contests and prejudices.³

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¹ Cf. CHAILLEY, *op. cit.*, pp. 587 *et seq.*

² MÉNIER, *Théorie et Application de l'Impôt sur le Capital*.

³ The newspapers report that the income tax is about to be brought forward again in France, this time by the new bourgeois ministry, as a part of its fiscal programme. The above recital of facts may therefore serve the purpose of an outline of the historical basis of the present proposals.